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CIBCR

SERVICE SECTOR INDICATORS

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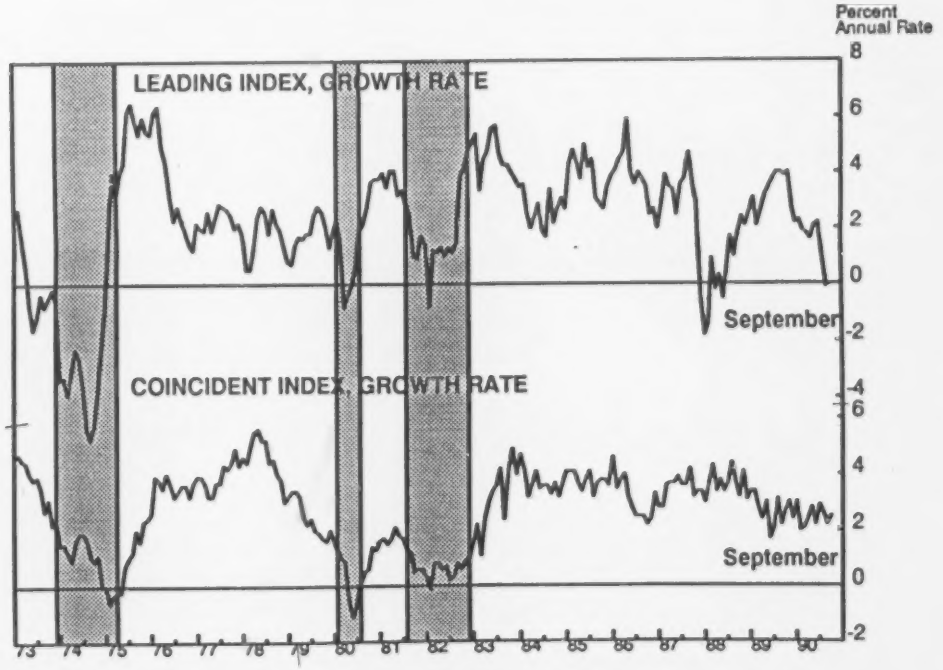
SERVICES LEADING INDEX STAGNANT

The leading index of service sector activity, compiled by the Columbia Business School's Center for International Business Cycle Research (CIBCR), rose marginally from a revised 156.3 in August to 156.5 in September, while its smoothed annualized growth rate edged up from a revised -0.1% to 0.0%. The rise was caused by increases in the average workweek in services and construction contracts for commercial buildings, almost wholly offset by drops in stock prices and profit margins in services.

The coincident index of service sector activity also rose a bit, from a revised 193.1 in August to 193.8 in September, raising its annualized growth rate from a revised 2.2% in August to 2.5% in September. The rise was caused by increases in employee hours and personal consumption expenditures in services, partially offset by a drop in labor income in services.

While no dramatic developments appear to be on the horizon, the continuing weakness in the leading index is consistent with a likely slowdown in growth of services activity.



Shaded areas represent business cycle recessions.

LEADING INDEX OF SERVICES, AND COMPONENTS

	Leading Index* (1967=100)	Leading Index Growth Rate (%)	Average Workweek, Services (hours)	Construction Contracts, Commercial Buildings (mil. sq. ft., ann. rate)	S&P Stock Price Index, Services, (Mar. 87=100)	Index of Profit Margins, Services (1982=100)
	1.	2.	3.	4.	5.	6.
1989:						
Jan.	152.1	3.1	32.91	886	95.2	112.5
Feb.	151.7	2.1	32.71	730	98.7	113.1
Mar.	152.3	2.6	32.74	783	98.5	113.6
Apr.	153.1	3.2	32.87	772	102.5	113.0
May	153.7	3.5	32.70	806	108.0	114.3
June	154.4	3.8	32.71	840	111.6	114.3
July	155.0	4.0	32.80	779	116.5	113.7
Aug.	155.4	4.0	32.67	778	121.9	114.6
Sept.	155.8	3.9	32.74	818	122.1	113.8
Oct.	156.3	4.0	32.81	808	122.6	113.8
Nov.	155.8	2.8	32.69	717	120.1	114.2
Dec.	155.7	2.2	32.69	638	120.6	113.8
1990:						
Jan.	156.2	2.3	32.61	810	116.5	114.6
Feb.	156.2	1.9	32.74	731	112.1	114.2
Mar.	156.5	1.8	32.76	690	114.6	113.8
Apr.	156.7	1.6	32.81	655	113.8	113.9
May	157.4	2.1	32.76	712	117.3	114.4
June	157.8	2.2	32.83	658	121.2	113.8
July	157.1	1.0	32.78	519	118.5	113.8
Aug.	156.3r	-0.1r	32.66r	558	106.0	114.2r
Sept.	156.5	0.0	32.75	581	100.1	114.1

COINCIDENT INDEX OF SERVICES, AND COMPONENTS

	Coincident Index* (1967=100)	Coincident Index Growth Rate (%)	Services Output, GNP (bil. 1982$, ann. rate)	Services, Personal Consumption Expenditures (bil. 1982$, ann. rate)	Services Labor Income (bil. 1982-84$ ann. rate)	Service Employee Hours (bil., ann. rate)
	7.	8.	9.	10.	11.	12.
1989:						
Jan.	186.4	3.4	1895.0	1289.8	686.2	111.5
Feb.	186.4	2.8	1896.6	1301.5	682.0	111.2
Mar.	186.4	2.4	1898.6	1296.2	684.7	111.2
Apr.	187.5	3.0	1900.5	1301.9	689.5	112.5
May	186.7	1.7	1902.5	1301.5	684.2	111.5
June	187.5	2.1	1909.5	1304.0	687.0	112.2
July	188.8	3.1	1916.5	1311.7	694.4	113.2
Aug.	188.4	2.2	1923.5	1313.6	691.8	112.2
Sept.	189.2	2.7	1928.9	1316.2	696.8	112.8
Oct.	190.0	3.0	1934.3	1319.3	699.6	113.6
Nov.	189.8	2.4	1939.7	1318.4	697.7	113.4
Dec.	190.8	3.0	1941.0	1333.7	700.4	113.9
1990:						
Jan.	190.2	2.0	1942.4	1318.8	695.5	114.6
Feb.	190.6	2.1	1943.7	1323.2	697.6	114.6
Mar.	191.3	2.4	1946.6	1330.5	702.2	114.9
Apr.	192.1	2.8	1949.6	1336.9	705.5	115.5
May	191.9	2.2	1952.5	1336.6	705.5	115.0
June	193.0r	2.9r	1958.9	1349.1	707.7	115.8
July	193.2r	2.6r	1965.2	1352.5r	708.9	115.6
Aug.	193.1r	2.2r	1971.6	1357.8r	704.4r	115.3r
Sept.	193.8	2.5	n.a.	1362.8	703.9	116.2

Note: Cols. 2 and 8. The growth rates are six-month smoothed percent changes at annual rate, based on the ratio of the current month's index to the average for the preceding twelve months.
r = revised.

Sources: 3. Bureau of Labor Statistics, Production and non-supervisory workers.
4. McGraw-Hill Company, F.W. Dodge Division. Seasonally adjusted by CIBCR.
5. Standard & Poor's Corporation indexes for 13 service industries, compiled by CIBCR.
6. This series is constructed by CIBCR using the price deflator for services consumption, labor income, and an experimental monthly services output index developed by the Federal Reserve Board.
9, 10. Department of Commerce, Bureau of Economic Analysis. Quarterly data for output are interpolated by CIBCR.
11. Bureau of Labor Statistics. Payroll index, 1977 = 100, converted to 1982-84 dollars by CIBCR, using CPI, All Urban Consumers, seasonally adjusted.
12. Bureau of Labor Statistics, all employees.

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